

MANUFACTURING EXTENSION PARTNERSHIP

Success Stories from the Field

Haldex Hydraulics

Illinois Manufacturing Extension Center

Commitment to Continuous Improvement Helps Haldex Hydraulics Win New Business, Create 100 New Jobs

Client Profile:

Haldex Hydraulics is a manufacturer of electrohydraulic power systems and hydraulic pump and motor components for the material handling, construction equipment, agricultural equipment, diesel engine, turf care and truck markets. Haldex is located in Rockford, Illinois, and currently employs 380 people.

Situation:

Many automotive and construction equipment OEMs have leveraged significant price concessions and pared back their list of suppliers to a select, strategic few. This has left many in the supply chain searching for a strategic advantage to maintain a share of the business. A few years ago, the leadership at Haldex Hydraulics forecasted an increase in demand for the hydraulic pump and power systems products it makes for major OEMs. To seize this opportunity, the company had to generate excess production capacity while maintaining high quality levels and competitive pricing. Haldex turned to the Illinois Manufacturing Extension Center (IMEC), a NIST MEP network affiliate, for assistance.

Solution:

According to Haldex Vice President Greg Vassmer, operational excellence is a significant competitive dimension. Improving business processes, eliminating waste, and building cost reduction and cost avoidance methodologies into core competencies yield a significant advantage over time. Practicing what it calls the "Haldex Way," a culture of continuous improvement combining elements of Lean Manufacturing, 5-S, and "respect for the individual worker," the company has aggressively implemented Value Stream Mapping and 6 Sigma techniques to weed out waste in each assembly cell. Drawing on the expertise of IMEC's lean advisors, teams of Haldex factory workers solve problems in each cell without the need for management intervention.

Results:

- * Improved output by 35 percent.
- * Increased annual sales by 20 percent to 30 percent.
- * Reduced tooling costs substantially.
- * Freed up floor space.
- * Added 100 new employees.

Testimonial:

"Our initial goal was to improve throughput by 20 percent in each cell. In some cells we've hit up to 35 percent, reduced tooling costs substantially, and freed up floor space for additional jobs. As a facilitator, IMEC challenged us to stay on track. Our staff responded because the IMEC team was able

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to give real examples of how these applications work in other companies. It really helped us relate and buy into the improvements."

Greg Vassmer, Vice President